

## Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AGRE-00 CIAE-00 COME-00 INR-07  
LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03  
OMB-01 FEA-01 INT-05 OES-06 /049 W  
-----171156Z 063872 /21  
R 170903Z JAN 77  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 4955

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PASS USDA/FAS, MCCONELL, SUGAR & TROPICAL PRODS. FCA

E.O. 11652: N/A  
TAGS: EAGR, RP  
SUBJECT: PHILIPPINE SUGAR SALES

REF: MANILA 0329

1. MRS. MARCOS, AT A MEETING ON JANUARY 14 WITH THE FOREIGN PRESS ASSOCIATION OF THE PHILIPPINES, SAID THAT QUOTE THE PHILIPPINES WILL SELL 500,000 TONS OF SUGAR TO THE SOVIET UNION AND AN ADDITIONAL 250,000 TONS TO PRC UNQUOTE.

2. ACCORDING TO THE PRESS, THE 250,000 TONS SALE TO CHINA IS IN ADDITION TO THE 200,000 TONS PREVIOUSLY ANNOUNCED. MRS. MARCOS GAVE FEW OTHER DETAILS BUT WAS REPORTED TO HAVE SAID THAT THE EFFECT ON THE ECONOMY WAS TO QUOTE PROVIDE THE PHILIPPINES WITH AN AVERAGE PRICE OF 35 TO 40 US CENTS PER POUND FOR 1.5 MILLION TONS OF SUGAR WHICH WAS BEING SOLD WORLD-WIDE UNQUOTE. (COMMENT. WE HAVE TO SEE THIS TO BELIEVE IT).

3. MRS. MARCOS SAID THE SALE TO THE SOVIET UNION WAS IN THE PROCESS OF BEING WORKED OUT WHILE THE SALE TO CHINA, FINALIZED  
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WHEN SHE WAS IN WASHINGTON IN DECEMBER, IS AT QUOTE FRIENDSHIP PRICES AND PARTLY ON A BARTER BASIS UNQUOTE. ACCORDING TO THE PRESS, THE PHILIPPINES WOULD RECEIVE ITS AVERAGE COST OF PRODUCTION, 12 US CENTS PER POUND, AND OIL WOULD BE PROVIDED AT \$7.20 PER BARREL.

4. COMMENT. LOCAL PRESS REPORT OUT OF LONDON DURING PAST TEN

DAYS, AND REPORTED REFTEL, HAVE BEEN CONSISTENT IN REPORTING 50,000 TONS SALE BY PHILIPPINES TO CHINA. HOWEVER, REUTERS ITEM OUT OF NEW YORK, IS FIRST REPORT THAT THE 200,000 TONS SALE WHICH MRS. MARCOS REPORTEDLY NEGOTIATED, SUGAR FOR OIL, WAS FOR 50,000 TONS PER YEAR FOR FOUR YEARS. IT IS INTERESTING TO NOTE THAT, ACCORDING TO REUTERS, THESE NEGOTIATIONS ARE BEING HELD IN TOKYO AND WITH SUGAR BROKERS. PERHAPS THE GOP IS FINALLY REALIZING IT OUGHT TO WORK THROUGH ESTABLISHED SUGAR BROKERS, EVEN ON SALES TO CENTRALLY-PLANNED COUNTRIES. IF, IN FACT, SALES THIS MAGNITUDE ARE MADE, PHILIPPINES WILL BE HARD PRESSED TO MOVE THE SUGAR AND STILL FILL CONTRACTS WITH U.S. REFINERS UNLESS PHILEX CAN DO BETTER JOB THAN IT HAS DEMONSTRATED SO FAR.

SULLIVAN

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
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